

### **REMARKS/ARGUMENTS**

Claims 1-10 are pending in the application of which Claim 1 is in independent format. In this response, Claims 1, 4 and 8 are being amended and new independent Claim 11 is being added.

#### **Claim Rejection Under 35 U.S.C. §112**

Claim 8 has been amended to show its proper dependency.

#### **Claim Rejections Under 35 U.S.C. §103(a)**

Claims 1-10 stand rejected under 35 U.S.C. §103(a) as being allegedly unpatentable over U.S. Publication No. 2003/0033246 (the "*Slater*" reference) in view of U.S. Publication No. 20001/0044765 (the "*Wolfberg*" reference).

"To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicant's disclosure." M.P.E.P. § 2143.

Under M.P.E.P. §2143, if the proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. Furthermore, under this section, if the proposed modification or combination of the prior art would change the principal of operation of the prior art invention being modified,

then the teachings of the references are not sufficient to render the claims *prima facie* obvious. The recent *KSR* decision has not altered these requirements.<sup>1</sup>

### **I. The *KSR* Decision and the Law of Obviousness**

The Supreme Court in the *KSR* decision reaffirmed the framework for determining obviousness as set forth in *Graham v. John Deere Co.*<sup>2</sup>, but stated that the Federal Circuit had erred by applying the teaching-suggestion motivation test in an overly rigid and formalistic way.<sup>3</sup> In *KSR*, the Supreme Court particularly emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” and discussed factors in which a patent might be determined to be obvious.<sup>4</sup> When considering obviousness of a combination of known elements, the operative question is “whether the improvement is more than the predictable use of prior art elements according to their established functions.”<sup>5</sup>

### **II. The Basic Factual Inquiries of *Graham v. John Deere Co.***

As reiterated by the Supreme Court in *KSR*, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in the *Graham* decision.<sup>6</sup> Obviousness is a question of law based on underlying factual inquiries. The factual inquiries enunciated by the Court are as follows: (A) determining the scope and content of the prior art; (B) ascertaining the differences between the claimed invention and the prior art; and (C) resolving the level of ordinary skill in the pertinent art.<sup>7</sup>

In determining the scope and content of the prior art, the scope of the claimed invention must be clearly determined by giving the claims the “broadest reasonable interpretation consistent with the specification.”<sup>8</sup> Once the scope of the claimed invention is determined, the Examiner must then determine what to search for to compare the claimed invention to the prior art. The search should

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<sup>1</sup> *KSR International Co. v. Teleflex Inc.*, 550 U.S. \_\_ (2007)

<sup>2</sup> 383 U.S. 1, (1966)

<sup>3</sup> *KSR*, 550 U.S. at \_\_

<sup>4</sup> *Id.* at \_\_.

<sup>5</sup> *Id.* at \_\_.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2006).

cover the claimed subject matter and should also cover the disclosed features which might reasonably be expected to be claimed.<sup>9</sup> Ascertaining the differences between the claimed invention and the prior art requires interpreting the claim language, and considering both the invention and the prior art as a whole.<sup>10</sup>

The person of ordinary skill in the art is a hypothetical person who is presumed to have known the relevant art at the time of the invention. Factors that may be considered in determining the level of ordinary skill in the art may include: (1) "type of problems encountered in the art;" (2) "prior art solutions to those problems;" (3) "rapidity with which innovations are made;" (4) "sophistication of the technology;" and (5) "educational level of active workers in the field. In a given case, every factor may not be present, and one or more factors may predominate."<sup>11</sup>

The Court in *Graham* "recognized the importance of guarding against hindsight, as is evident in its discussion of the role of secondary considerations as 'ser[ving] to guard against slipping into use of hindsight and to resist the temptation to reading into the prior art the teachings of the invention at issue'".<sup>12</sup>

The question of obviousness must be resolved on the basis of these factual determinations. While each case is different and must be decided on its own facts, the *Graham* factors are the controlling inquiries in any obviousness analysis.<sup>13</sup>

### III. Rationales To Support Rejections Under 35 U.S.C. 103

Once the *Graham* factual inquiries are resolved, the Examiner must determine whether the claimed invention would have been obvious to one of ordinary skill in the art. The Examiner must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art. The "mere existence of differences between the prior art and an invention does not establish the invention's non-obviousness."<sup>14</sup> The

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<sup>9</sup> M.P.E.P. § 904.02

<sup>10</sup> M.P.E.P. §§ 2111 and 2141.02

<sup>11</sup> *In re GPAC*, 57 F.3d 1573, 1579 (Fed. Cir. 1995).

<sup>12</sup> *Alza Corp. v. Mylan Laboratories, Inc.*, \_\_\_ F.3d \_\_\_ ( ) (quoting *Graham*, at 36).

<sup>13</sup> *KSR*, 550 U.S. at \_\_\_.

<sup>14</sup> *Dann v. Johnston*, 425 U.S. 219 (1976).

difference between the prior art and the claimed invention may not be “so great as to render the [claim] nonobvious to one reasonably skilled in the art.”<sup>15</sup>

The key to supporting any rejection under 35 U.S.C. 103 is the clear explanation of the reason(s) why the claimed invention would have been obvious.<sup>16</sup> The Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit. The Court quoting *In re Kahn* stated that “[R]ejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”<sup>17</sup> One of the rationales noted by the *KSR* Court includes:

“Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.”<sup>18</sup>

If the search of the prior art and the resolution of the *Graham* factual inquiries reveal that an obviousness rejection may be made using the familiar teaching-suggestion-motivation (TSM) rationale, then such a rejection using the TSM rationale can still be made.<sup>19</sup> Although the Supreme Court in *KSR* cautioned against an overly rigid application of TSM, it also recognized that TSM was one of a number of valid rationales that could be used to determine obviousness.<sup>20</sup>

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<sup>15</sup> *Id.*

<sup>16</sup> Federal Register, Vol. 72, No. 195, p. 57528 (October 10, 2007)

<sup>17</sup> *KSR*, at \_\_ (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

<sup>18</sup> *Id.* at .

<sup>19</sup> *Id.* at .

<sup>20</sup> According to the Supreme Court, establishment of the TSM approach to the question of obviousness “captured a helpful insight.” *KSR*, 550 U.S. at \_\_.

Some Teaching, Suggestion, or Motivation in the Prior Art That Would Have Led One of Ordinary Skill To Modify the Prior Art Reference or To Combine Prior Art Reference Teachings To Arrive at the Claimed Invention

To reject a claim based on this rationale, the Examiner must resolve the *Graham* factual inquiries. The Examiner must then articulate the following:

(1) a finding that there was some teaching, suggestion, or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings; and

(2) a finding that there was reasonable expectation of success.<sup>21</sup>

The motivation need not be found in the references sought to be combined, but may be found in any number of sources, including common knowledge, the prior art as a whole, or the nature of the problem itself.<sup>22</sup>

**IV. Analysis Of The Cited References With Respect To The *Graham* Factors**

The *Slater* reference teaches a method of a sponsor funding an account associated with a purchasing card. The sponsor (i.e., an employer) funds the account while the cardholder (i.e. the employee) uses the purchasing card the make purchases via the funds in the associated account. (See: ¶ 0010). Thus, each purchasing card has an account associated with the card. (See: ¶ 0017). The sponsor/employer may fund the account associated with the purchasing card at periodic intervals corresponding to the employee's payday (e.g., every Friday, every other Friday, the last day of the month, etc.) by instructing the issuer to fund the purchasing card account. Employees may withdraw the funds at the employee's discretion, through known manners of withdrawal, e.g., automatic

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<sup>21</sup> *Id.* at 57534

<sup>22</sup> *Dystar Textilfarben GmbH & Co. Deutschland Kg v. C.H. Patrick Co.*, \_\_\_ F.3d \_\_\_ (Fed. Cir. 2006)(citing *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999))

teller machines (ATM), point-of-service (POS) purchases, transfers to other accounts, etc. (See: ¶ 0018).

The purchasing card as taught by the *Slater* reference replaces payroll checks issued to employees. As noted by the *Slater* reference, the process for issuing checks includes handling costs associated with issuance, reconciliation and/or replacement of lost or damaged checks. (See: ¶ 0003). The *Slater* reference also notes drawbacks associated with receiving payroll checks. (See: ¶ 0004). The *Slater* reference teaches that the purchasing card obviates the need for the cardholder to write multiple checks and perform reconciliation of a personal checking account. (See: ¶ 0042). Thus, the *Slater* reference teaches that the purchasing card reduces the handling costs of checks and paper processing for both the issuer and the cardholder. (See: ¶ 0042).

The *Slater* reference teaches that the sponsor/employer funds an account while allowing the sponsor access to the information associated with the account, such as the balance of the account and the transactions that have occurred in connection with the account. (See: ¶ 0019)(Emphasis added). In other words, a list of transactions of the purchasing card may be available to the sponsor/employer. (See: ¶ 0035). Additionally, the *Slater* reference repeatedly teaches that the cardholder/employee may not deposit funds into the account. (See: ¶¶ 0018, 0024 and 0041).

The *Wolberg* reference teaches a method that will provide funds to pay for a person's post-secondary education at a time in the future when that person attends a post-secondary education institution. (See: ¶ 0021). Under the teachings of the *Wolberg* reference a plan member makes predetermined payments to a program provider, such as a financial institution, over a period of time in exchange for the program provider paying the cost of a post-secondary education at a future date at the selected institution of the plan member's choice. The *Wolberg* reference teaches compiling and formulating statistics to calculate predetermined payments. These statistics include:

"(a) determining a future average cost of post-secondary education at the future date based, in part, on current average cost of post-secondary education, historic rate of change of cost of post-secondary education, projected rate of change of cost of post-secondary education, and the amount of time from the present until said future date; (b) determining basic plan payments for members of the group based, in part, on the future average cost, a projected percentage of the group that will enroll in the program as plan members, a projected percentage of plan members that will undertake the post-secondary education as students, and a projected percentage of students that will withdraw from post-secondary education prior to completion; (c) enrolling members of the group into the program as plan members; (d) receiving plan payments from plan members; and (e) disbursing payments for each student while she is undertaking post-secondary education." (See: ¶ 0022).

The *Wolberg* reference teaches a method for guaranteeing the cost of college at some time in the future, by using actuarial statistics to determine, at the beginning of the plan, what payments are necessary to participate. (See: ¶ 0056). As indicated above, the *Wolberg* reference uses actuarial statistics of a large demographic group that include many factors for determining plan payments. All of the plan payments to a single program provider are intermingled; there is no accounting or separation of the payments of a single person. (See: ¶ 0057)(Emphasis added).

Claim 1 of the present application recites electronically qualifying and substantiating paid amounts into the post-secondary investment account to provide a record of the expenses in accordance with the United States Internal Revenue Service reporting requirements for the Section 529 investment account. (See: Specification page 6, lines 7-16 and page 7. lines 18-22). The beneficiary then submits this record to the IRS on current tax form 1099-Q. (See: Specification page, 8, lines 34).

As noted by the Examiner, the *Slater* reference fails to disclose establishing and funding a Section 529 investment account in accordance with Internal Revenue Service rules and regulations. Both the *Slater* and *Wolberg* references fail to disclose electronically qualifying and substantiating such paid

amounts to provide a record of the expenses in accordance with the United States Internal Revenue Service reporting requirements for the Section 529 investment account.

The Examiner's rejection is silent with respect to ascertaining the differences between the claimed invention and the cited references. In particular, the Examiner's rejection is silent in explicitly identifying why a person of ordinary skill in the art would combine actuarial statistics to determine, at the beginning of the plan, what payments are necessary to anticipate future college costs as taught by the *Wolberg* reference with monitoring of spending of the pre-funded purchase card as taught by the *Slater* reference. The emphasized scope and content of the predetermined tuition savings of the *Wolberg* reference and the elimination of costs associated with checks of the *Slater* reference do not teach any combination to yield predictable results for a reasonable expectation of success in order to achieve the claim limitations.

In particular, the Examiner has not provided a rationale to support a conclusion that Claim 1 of the present application would have been obvious in that all the claimed elements were known in the prior art and one skilled in the art could have combined the elements as claimed by known methods with no change in their respective functions, and the combination would have yielded nothing more than predictable results to one of ordinary skill in the art at the time of the invention.

The Examiner's analysis does not point to specific information in the *Slater* and *Wolberg* references that suggest the combination. The rationale to support a conclusion that the claim would have been obvious is that a person of ordinary skill in the art would have been motivated to combine the prior art to achieve the claimed invention and that there would have been a reasonable expectation of success.

One skilled in the art would not be motivated to seek out to combine the *Slater* and *Wolberg* references, since the proposed combination would render the prior art invention unsatisfactory for its intended purpose and would change the principal of operation of the prior invention in violation of MPEP § 2143. Since



the *Slater* reference specifically emphasizes eliminating checks and monitoring the funded account and since the *Wolberg* reference specifically teaches compiling actuarial statistics to determine what payments are necessary to anticipate future college costs, one skilled in the art would not seek out the spending of the employee account of the *Slater* reference to combine with the funding of the student account of the *Wolberg* reference. Submitting the *Wolberg* future cost information would not provide any benefit to the *Slater* pre-funded purchase card.

Furthermore, the *Slater* reference specifically teaches that the employer monitors the spending transactions (i.e., reimbursements items) of the employee. Any monitoring by the IRS of student purchases would have serious privacy issues. Additionally, the *Wolberg* reference specifically teaches that the plan payments from different people are intermingled so that there is no accounting of the payments of a single person. Again, under a government program, intermingling of accounts would have serious privacy issues. Still further, Mr. Dolan's invention encourages deposits into the investment account by the benefactor (or the benefactor's relatives) while the *Slater* reference repeatedly teaches that the benefactor could not deposit money into the account.

The Examiner has not provided the rationale to support a conclusion that the present claims would have been obvious is that the substitution of one known element for another would have yielded predictable results to one of ordinary skill in the art at the time of the invention.

Dependent claims, by their nature, include all of the limitations of the parent independent claim and any intervening claims from which they depend. Claims 2-10 each depends directly or indirectly from independent Claim 1 and accordingly, are believed allowable under 35 U.S.C. § 103 (a) over the references for at least the previous reasons as independent Claim 1.<sup>23</sup>

For the stated reasons, the claims are believed to distinguish structurally from the art of record, whether that art is considered singly or in combination,

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<sup>23</sup> See *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1988)

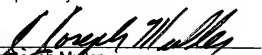
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entrance of the amendment, reexamination of claims, and passage of the case to issue are respectfully requested.

The Commissioner is hereby authorized to charge \$230.00 for the two month extension of time fee and additional fees or credit overpayment under 37 CFR 1.16 and 1.17 which may be required by this paper to Deposit Account 162202.

Respectfully Submitted:

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By:   
J. Joseph Muller  
Registration No. 24,733  
Polster, Lieder, Woodruff & Lucchesi, L.C.  
12412 Powerscourt Drive, Suite 200  
St. Louis, Missouri 63131  
Phone: (314) 238-2400  
Fax: (314) 238-2401  
Email: jmuller@patpro.com